

GIVE THE REASONS

The twelve aldermen who voted to submit the proposition to purchase the gas and water plants for the sum of \$1,695,000 have signed a statement of the reasons that impelled them to vote as they did, in order that their constituents may clearly understand the situation. All those aldermen that voted to pass the resolution over the Mayor's veto have signed the statement. The statement is as follows:

We voted as we did for the following reasons:

First. The price of the two plants (gas and water) is the lowest yet submitted by the gas and water company. The former proposition for both plants was \$2,106,000, made up as follows: The city was to assume the bonds of the company outstanding, being \$295,000, at 6 per cent, and \$1,517,000 at 5 per cent, with the possible chance of refunding \$750,000 of the 5 per cent bonds with city bonds at 4 per cent. The balance \$294,000, the stockholders agreed to take in city bonds bearing 4 per cent.

The present proposition is \$1,695,000—the city to assume the \$295,000 6 per cent bonds of the Duluth Gas & Water company, and for the balance of the purchase price (\$1,400,000) to give city bonds bearing 4½ per cent.

The difference in price absolutely between the former proposition and the present one is \$411,000, in favor of the present proposition. The interest on this difference at 4½ per cent for 30 years amounts to \$554,850 making a total saving over former proposition, counting principal and interest, of \$965,850.

Or figuring it in another way: Former proposition—

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|---|-------------|
| Principal..... | \$2,106,000 |
| Int. at 6 per cent on \$295,000 for 10 years..... | 177,000 |
| Int. at 4 per cent on \$750,000 for 30 years..... | 900,000 |
| Int. at 5 per cent on \$767,000 for 30 years..... | 1,150,500 |
| Int. at 4 per cent on \$294,000 for 30 years..... | 352,800 |

Total.....\$4,686,300

Present proposition—

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|--|-------------|
| Principal..... | \$1,695,000 |
| Int. at 6 per cent on \$295,000 for 10 years..... | 177,000 |
| Int. at 4½ per cent on \$1,400,000 for 30 years..... | 1,890,000 |

Total.....\$3,762,000

Difference in favor of present proposition..... 924,300

Total.....\$4,686,300

The former proposition was carried before the people, but was set aside by the courts. This present proposition is so much lower than the former one that we feel that it would be unjust for us to say it is too high, and refuse to allow the people to vote upon it.

Second. While the estimated value of the gas and water plant is only \$1,114,000, we think it may be worth more than that to the city of Duluth. The city engineer made no allowance in the above estimate

for the value of the present service connections. It will cost the city or the people something to sever connections with the present plant and connect it on to a new city plant. Mr. Coffin estimates that at \$300,000; suppose it will cost \$100,000. If we build an entirely new plant, we will have to pay interest on the money invested out of money raised by taxation until the new plant brings in a revenue sufficient to pay interest on the bonds and running expenses. This may be one year, and it may be five. Say two years' interest at 5 per cent on estimated cost of force main and duplicating pressure water plant (\$1,400,000), which would be \$140,000 in interest.

Then we have a contract with the present company for hydrant rentals, amounting to \$24,600 per year, which has per contract, 19 years yet to run. If we are compelled to pay this up to the end of the period, it will amount to \$467,400. The city attorney says if we can win in the quo warranto suit to annul the franchise of the water company, the hydrant rental contract dies with the franchise. But that suit is not ended yet, and we think that to have the hydrant rental contract wiped out by a purchase of the plant is worth at least one half of the total amount, or \$233,700.

| | |
|--|-------------|
| Recapitulation— | |
| City engineer's estimate..... | \$1,114,000 |
| Service connections..... | 100,000 |
| Loss in interest..... | 140,000 |
| Settlement of hydrant rental contract..... | 233,700 |

Total.....\$1,587,700

Some will estimate these amounts to be more than we have, some less. We have not taken into account the inconvenience, sickness and money loss to the community that come from tearing up our streets in building a new plant, the damage suits that might arise from injury to service connections in attempting to parallel the present plant, the costs of carrying on the legal warfare with the Duluth Gas & Water company, nor the saving in machinery and reservoir by buying the present plant, which would materially reduce the estimated cost of the force main, which includes pumping machinery and a reservoir.

Third: While the bondholders of the Duluth Gas & Water company may be deprived of their interest by our carrying on the fight against them, the city is losing its reputation for health. The health of our people stands paramount to any mere money consideration; and while we may in time so depreciate the value of the old plant that we may get it cheaper than now, in the end we will lose vastly more than the water company.

Undoubtedly the city's financial standing has been injured by the controversy. The city has had to agree to pay 5 per cent interest on its bonds, the charter limit, in order to raise money, and even then the bondholders of the Duluth Gas & Water company were the only ones that stood ready to take the bonds. This was a remarkable circumstance to say the least. We cannot

believe the end is yet; there will be more stumbling blocks put in our way, and delays will arise that we cannot now foresee. The bondholders cannot be expected to surrender without a struggle.

Reasons for submitting the proposition at the coming election:

We thought best to submit the proposition at this election because we wanted to know, and that as soon as possible, without any expense, what the people thought of it. It might hamper us seriously having this proposition pending from now until spring and not know how the people regard it.

It is considered a matter of the utmost importance to get pure water as soon as possible, and we anticipate much difficulty and expense in attaching on to the present system, as has been suggested, when our force main is completed and before owning the old plant, and it is a serious question whether any arrangement to do so could be made at all should the Duluth Gas & Water company be unwilling.

This proposition comes to us unsolicited from the bondholders of the Duluth Gas & Water company. It is \$111,000 less than the bonded indebtedness of the plant.

Last of all, we do not feel that we would be true to our constituents if we should substitute our own judgment in this matter and not give them an opportunity to express their views now. This is to a certain extent a matter of life and death, and in case we refused to submit this proposition at this time, and by the delay thus caused further hindrances and delays should arise, we feel that we might justly be censured by the people.

In case the people vote this matter down, no money will have been unnecessarily expended. We will have had a full and fair expression of all the people, and will, so far as in us lies, to carry out the wishes of the sovereign people.

JAMES T. HALE,
C. T. CRANDALL,
DAVID SANG,
I. J. RICHARDSON,
A. J. HARKER,
THOS. F. TREVILLION,
J. W. ROWLEY,
D. E. STEVENS,
JOHN COVENTRY,
THOMAS OLAFSON,
LOUIS CHRISTENSEN.
J. W. NELSON.

"Put Him Out."

"If we do restore the coinage of silver dollars how are you going to get any of them?" sung out a gold bug orator the other night.

"Work, for them, d—n you," said a big longshoreman, "we will leave Mark Hanna and the plutes to do the stealing."

And though he had only answered the question, they put him out for disturbing the meeting.